

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re) Case No. _____
)
) NOTICE OF **PRELIMINARY**
) HEARING ON MOTION
) FOR USE OF CASH COLLATERAL
) TO OBTAIN CREDIT
Debtor(s)) (Check One)

YOU ARE NOTIFIED THAT:

1. The undersigned moving party, _____, filed a Motion For Use of Cash Collateral To Obtain Credit (*check one*). A copy of the motion is attached; and it includes BOTH (i) the statement required by [Local Form #541.7](#), and (ii) the following allegations:

a. The immediate and irreparable harm that will come to the estate pending a final hearing is _____.

b. The amount of cash collateral credit (*check one*) necessary to avoid the harm detailed above prior to the final hearing is _____.

2. The name and service address of the moving party's attorney (or moving party, if no attorney) are: _____.

3. A **PRELIMINARY** HEARING on the motion WILL BE HELD ON _____ AT _____
IN _____.

Testimony will be received if offered and admissible.

4. If you WISH TO OBJECT to the motion, YOU MUST DO ONE OR BOTH OF THE FOLLOWING: (1) ATTEND the preliminary hearing; AND/OR (2) FILE with the Clerk of Court (i.e., if the 5-digit portion of the Case No. begins with "3" or "4", mail to 1001 SW 5th Ave. #700, Portland OR 97204; OR if it begins with "6" or "7", mail to 405 E 8th Ave #2600, Eugene OR 97401), BOTH: (a) a written response, which states the facts upon which you will rely, AND (b) a certificate showing a COPY of the response was given DIRECTLY TO the Judge, and served on the U.S. Trustee and the party named in pt. 2 above. See [Local Form #541.51](#) for details.

5. On _____ copies of BOTH this notice AND the motion were served pursuant to FRBP 7004 on the debtor(s); any debtor's attorney; any trustee; any trustee's attorney; members of any committee elected pursuant to 11 U.S.C. §705; any Creditors' Committee Chairperson [or, if none serving, on all creditors listed on the list filed pursuant to FRBP 1007(d)]; any Creditors' Committee attorney; the U.S. Trustee; and all affected lien holders whose names and addresses used for service are as follows:

Signature

(If debtor is movant) Debtor's Address & Taxpayer ID#(s) (last 4 digits)

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Proposed Attorneys for Debtor

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

Pioneer Village Investments, LLC, an Oregon
limited liability company,

Debtor.

Case No. 10-62852-fra11

**DEBTOR'S MOTION FOR
TEMPORARY AND FINAL
AUTHORITY TO USE CASH
COLLATERAL**

Pursuant to 11 U.S.C. § 363(c) and Bankruptcy Rule 4001(b), Pioneer Village Investments, LLC, an Oregon limited liability company ("Debtor"), moves this court for an order (a) authorizing Debtor to use cash collateral on a temporary basis until a final hearing can be held on this motion; and (b) after final hearing held pursuant to Bankruptcy Rule 4001(c)(2) a final order authorizing Debtor to use cash collateral during the pendency of its case. In support of its motion, Debtor states as follows:

1. On April 23, 2010 (the "Petition Date"), Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code.
2. Debtor has continued in possession of its property and is continuing to operate and manage its business as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.
3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

4. No request has been made for the appointment of a trustee or an examiner, and no official committee has been established in this case.

5. Debtor is an Oregon limited liability company. Debtor operates a continuing care retirement facility in Jacksonville, Oregon.

6. On or around February 18, 2005, Debtor entered into a Business Loan Agreement with PremierWest Bank, an Oregon-chartered bank ("Bank") to borrow \$10 million. Debtor gave Bank a Note and provided Bank with a security interest in all deposit accounts, security deposits, and all rents, accounts and proceeds arising under Debtor's residency agreements with its residents.

7. On or about May 6, 2005, Debtor entered into a Change in Terms Agreement with Bank which increased the amount borrowed to \$12,375,000. Payment of the increased principal amount was secured by, among other things, the security interest in all deposit accounts, security deposits, and all rents arising under Debtor's residency agreements with its residents.

8. In order to preserve and maintain the assets of the bankruptcy estate, Debtor requires cash for the payment of operating expenses.

9. Debtor has prepared a budget, a copy of which is attached hereto as Exhibit 1, setting forth the amounts necessary for Debtor's operations. Debtor's budget projects the amounts Debtor will need on an interim basis for payment of operating expenses pending a final hearing on this matter. Debtor will need similar amounts thereafter as additional expenses necessarily incurred for Debtor's continued operations, adjusted for population changes.

10. It is in the best interest of Debtor, its creditors, and its estate for Debtor to use Bank's cash collateral because the use of cash collateral will allow the continued operation of Debtor as a going concern and will maximize the likelihood of reorganization, thereby maximizing the recovery to all creditors. Additionally, the use of cash collateral will protect the health and safety of the residents of Debtor's facility, particularly those in the assisted living

portion of the facility, and allow them to remain in the facility and receive the care they require.

11. To provide adequate protection for the use by Debtor of cash in which Bank claims or may claim an interest, Debtor proposes that Bank be granted a replacement security interest in and lien upon all of Debtor's deposit accounts, security deposits, and all rents arising under Debtor's residency agreements with its residents.

12. Bank's replacement security interest in and lien upon the assets from and after the Petition Date shall be of the same category, kind, character, and description as were subject to perfected and valid security interests in existence on the Petition Date. The adequate protection lien granted to Bank will not enhance or improve its position.

13. To preserve the value of Debtor as a going concern, Debtor requires the use of cash collateral in which Bank claims an interest as described above.

14. Debtor will suffer immediate and irreparable harm if it is not permitted to use the cash collateral in which Bank claim an interest. Without use of the cash, Debtor's operations must immediately cease.

15. None of the provisions listed in LBF 541.7 are included in this option or the proposed order.

16. A copy of the proposed Interim Order Authorizing Use of Cash Collateral and Granting Adequate Protection is attached hereto as Exhibit 2.

17. Debtor proposes that the net income generated be held in a segregated account subject to court approval of any disbursements from such account.

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WHEREFORE, Debtor prays that this Court enter an interim order (a) authorizing Debtor to use cash collateral, pending a final hearing on this motion; (b) granting Bank adequate protection as herein proposed or as otherwise approved by the Court; and (c) setting a final hearing on this motion.

Dated this 20th day of May, 2010.

JORDAN SCHRADER RAMIS PC

By: /s/ Douglas P. Cushing
Douglas P. Cushing, OSB # 700320
Telephone: (503) 598-7070
Proposed Attorneys for Debtor

EXHIBIT I

Pioneer Village Investments, LLC
Summary 3 Month Budget
For the Three Month Period Beginning 5/1/2010

	May 10	Jun 10	July 10
REVENUE			
Revenue	234,190	244,079	253,968
OPERATING EXPENSES			
Dietary	31,964	32,259	34,704
Housekeeping	4,579	4,621	4,971
Nursing/Assisted Living	30,836	31,120	33,479
Maintenance	28,664	28,908	31,099
Activities	4,752	4,796	5,160
Marketing	6,857	6,920	7,445
General/Administrative	41,078	41,457	44,599
Property Related	16,232	16,381	17,623
Management Fee (5%)	11,709	12,204	12,698
TOTAL OPERATING EXPENSES	176,671	178,666	191,778
NET OPERATING INCOME	57,519	65,413	62,190
INTEREST & FEES			
Interest Expense - Premier West	48,913	48,913	48,913
US Trustee Fees	1,625	1,625	1,625
Bankruptcy Counsel	5,000	5,000	5,000
Total Interest & Fees	55,538	55,538	55,538
NET INCOME	1,981	9,875	6,652

EXHIBIT 2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

Pioneer Village Investments, LLC, an Oregon
limited liability company,

Debtor.

Case No. 10-62852-fra11

**INTERIM ORDER AUTHORIZING
USE OF CASH COLLATERAL
AND GRANTING ADEQUATE
PROTECTION**

THIS MATTER having come before the Court upon Debtor's Motion for Temporary and Final Authority to Use Cash Collateral ("Motion") and the Court being duly advised in the premises and finding good cause; NOW, THEREFORE;

IT IS HEREBY ORDERED as follows:

1. Debtor be and hereby is authorized to use cash collateral in which PremierWest Bank ("Bank") claims a security interest, in accordance with and for the purposes set forth in the revised budget attached hereto as Exhibit 1;

2. As adequate protection for the use by Debtor of cash collateral, Bank shall be and hereby is granted a replacement security interest in and lien upon all of Debtor's "Accounts", "Money", "Proceeds" and "Rents" as those terms are defined in the Loan Agreements between Debtor and Bank;

3. The lien and security interest granted in 2 above shall have the same relative priority as Bank's liens and security interests had on the Petition Date;

4. The lien and security interest granted herein shall secure the impairment, if any, of the value of the interest of Bank in cash collateral; and

5. The Debtor's payments to Farmington Centers, Inc. for any pass through purchases or other reimbursements shall be at their direct cost to Farmington Centers, Inc.

IT IS FURTHER ORDERED that a final hearing on Debtor's Motion for Authority to Use Cash Collateral shall be held by the Court in Courtroom 6 of the United States Bankruptcy Court for the District of Oregon, 405 E 8th Ave #2600, Eugene, Oregon 97401, on _____, 2010, at _____.m., or as soon thereafter as counsel may be heard. Within three (3) business days after the entry hereof, Debtor shall mail or otherwise serve a copy of this Order, together with a notice of the final hearing pursuant to LBR 4001-1.D and LBF 541.50.

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Presented by:

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